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Submitted to: Michael L. Wyzan Ph.D.
COTR
Agribusiness and Trade Promotion Project
USAID/WA/RAO
Accra, Ghana



Abt Associates Inc. ■ 4550 Montgomery Lane, Suite 800 North ■
Bethesda, Maryland 20814 ■ Tel: 301.347.5000. ■ Fax: 301.913.652.9061
■ www.abtassociates.com

In collaboration with:
ACDI/VOCA
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ANNUAL IMPLEMENTATION PLAN FOR AGRICULTURAL POLICY CHANGES WITH MILESTONES (FY10)

AGRIBUSINESS AND TRADE PROMOTION (ATP)

December 2010

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Submitted to: Michael Wyzan, Ph.D., COTR
Agribusiness and Trade Promotion program
USAID/WA/ANRO
Accra, Ghana



Abt Associates Inc. | 4550 Montgomery Avenue | Suite 800 North
| Bethesda, Maryland 20814 | T. 301.347.5000 | F. 301.913.9061
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DECEMBER 2010

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CONTENTS

I. SUMMARY.....	1
2. BACKGROUND.....	2
3. WHAT IS THE ECOWAS POLICY WATCH SYSTEM?.....	4
4. WHAT SPECIFICALLY IS USAID ATP/E-ATP DOING ON THE ECOWAS POLICY WATCH SYSTEM?.....	7
5. ADDITIONAL DISCUSSION OF THE POLICY WATCH SYSTEM.....	9

I. SUMMARY

USAID ATP/E-ATP is supporting improvements to regional agricultural policy through development of a comprehensive policy review, monitoring and education system managed by the ECOWAS Commission. This approach follows from USAID ATP/E-ATP analysis of policy barriers to trade in target value chains, which revealed that regional trading rules agreed to by ECOWAS Member States are generally not well-understood or effectively implemented. This lack of knowledge and poor implementation of what should be a relatively free and efficient system of regional agricultural trade is the overarching policy issue facing the agricultural sector. Sub-issues have been identified in the USAID ATP/E-ATP Trade Barriers Mission Reports, which serve as the substantive point of reference for specific policy issues that need to be addressed within the framework of a new “policy watch system.”

The ECOWAS Policy Watch System was conceived as an evolving mechanism to improve on-the-ground implementation of the regional trading rules for maize, millet-sorghum, rice, livestock-meats, poultry and onions-shallots. USAID ATP/E-ATP is contributing on a number of fronts: providing training for traders facing unfair policies and practices on knowing their rights and how to get in-the-moment help; and inserting technical policy advice into the ongoing regional process of ensuring that national governments actually implement the existing rules for free trade between ECOWAS countries. The following overview of the system and USAID ATP/E-ATP contributions to its realization represent the project’s plan for achieving agricultural policy change in the coming year.

2. BACKGROUND

The USAID Agribusiness and Trade Promotion (ATP) project is a four-year regional initiative funded by the United States Agency for International Development (USAID). Launched in 2008, USAID ATP has focused on three agricultural value chains: maize, onion-shallot, and ruminant livestock/red meat. The Expanded Agribusiness and Trade Promotion (USAID E-ATP) project is a three-year regional initiative launched in 2009. Building on the success of USAID ATP, USAID E-ATP has focused on three additional value chains: poultry, rice and millet/sorghum.

Both USAID ATP and USAID E-ATP aim to increase the value and volume of intra-regional agricultural trade in their respective value chains and their associated activities along the major commercial corridors linking Senegal, Mali, Burkina Faso, Benin, Togo, Ghana, Cote d'Ivoire, and Nigeria. The two projects are designed to contribute to achieving the 6-percent annual agricultural growth target set under the Comprehensive Africa Agriculture Development Program (CAADP) of the African Union's New Partnership for Africa's Development (AU-NEPAD).

The ECOWAS Commission is the regional body responsible for overseeing the implementation of the regional free trading rules agreed upon by treaty by the 15 ECOWAS member countries. Lacking sufficient staff and institutional capacity, the ECOWAS Commission to date has not played an effective role in ensuring that the regional rules are being followed by the member countries. As a result, USAID ATP and USAID E-ATP value chain stakeholders continue to confront technical, physical and fiscal barriers to intra-regional trade in these 6 agricultural products, all of which should move across borders without customs duties, taxes of equivalent effect, and unnecessary administrative procedures. USAID ATP/E-ATP has well documented the barriers facing these value chains, including:

- Improper assessment of customs duties;
- Improper assessment of statistical taxes, "computerization taxes," and processing fees;
- Improper assessment of Value Added Tax (VAT) on products exempt from VAT;
- Discriminatory assessment of VAT, applied on imports but not domestic sales;
- Non-recognition across borders of technical documents such as the veterinary certificate and phytosanitary certificate.

Within both the ECOWAS Commission and national governments, issues related to agricultural trade encompass several departments, including Agriculture, Customs, Trade, Private Sector, and Communications. The lack of coordination within national administrations to effectively implement the commitments made under regional treaties such as ECOWAS or UEMOA is one of the principal reasons stakeholders in the USAID ATP/E-ATP value chains face the range of non-tariff barriers cited above. There is a clear need for a Policy Watch system, ECOWAS Commission officials agreed, after the depth of these problems was brought to their attention by

USAID ATP/E-ATP in a joint meeting with the West Africa Trade Hub in Accra, Ghana in June 2010.

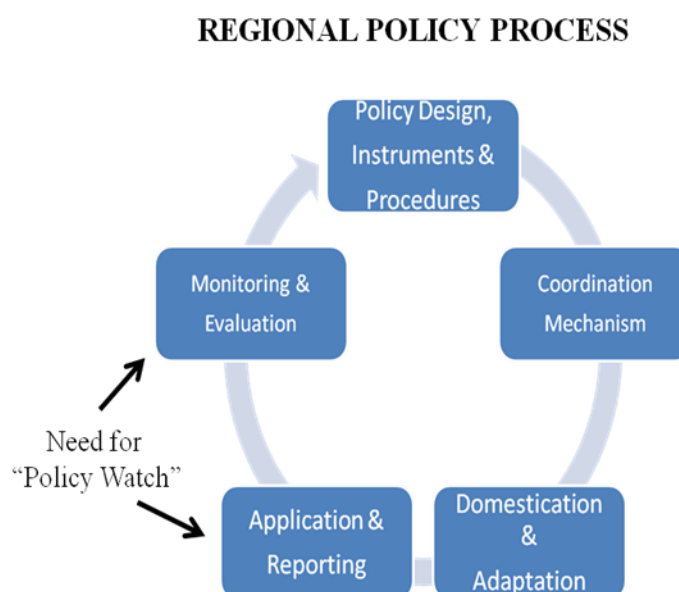
The timing is good for bringing about the Policy Watch System, as ECOWAS itself is in the midst of an institutional reform for how the member states should organize their internal committees on ECOWAS matters. The ECOWAS Inter-Institutional Linkages Report (“2nd Asante Report”) is a follow-on from the institutional reforms arising from the start of NEPAD and CAADP from 2000-2002, which specified how countries should organize themselves on NEPAD and ECOWAS matters.

Some of the goals of the present reform are to clean up inconsistencies in the texts, make sure that all texts are available, orient member states on proper implementation of the rules, and provide member states with additional guidelines to make implementation possible. The monitoring and evaluation component of the Policy Watch System will track how far the countries have in fact succeeded in effective transposition of the regional rules to the national level.

3. WHAT IS THE ECOWAS POLICY WATCH SYSTEM?

The ECOWAS Policy Watch System is an evolving mechanism to improve on-the-ground implementation of the regional trading rules for maize, millet-sorghum, rice, livestock-meats, poultry and onions-shallots. USAID ATP/E-ATP is contributing on a number of fronts: providing training for traders facing unfair policies and practices on knowing their rights and how to get on-the-spot help; and inserting technical policy advice into the ongoing regional process of ensuring that national governments actually implement the existing rules for free trade between ECOWAS countries (Figure 1).

Figure PWS-1: Placement of the Policy Watch System in the Regional Policy Process



The 15 ECOWAS member states are in the process of reviewing and revising the institutional arrangements between the national governments and the ECOWAS Commission. The ECOWAS plan is to reinforce the national-level institutions that provide a link to ECOWAS (Table 1).

Table PWS-1: National-Level Bodies Involved in ECOWAS Policy Watch System

Existing National-Level Institutions	ECOWAS National Units
	National ETLs Approvals Committee
	National Transport and Trade Facilitation Committee
	Inter-Ministerial Coordinating Committee
New National-Level Institutions	Sector Focal Points in relevant ministries

The ECOWAS Commission, the executive arm of ECOWAS, is the primary counterpart for the national-level institutions and assists the deliberations of the ECOWAS Committee on Customs, Trade, Monetary and Statistics, whose recommendations are passed up to the ECOWAS decision-making bodies.¹

With a stronger coordinating capability established in the ECOWAS National Units, the new ECOWAS Sector Focal Points in each economy-related ministry,² and reinforcement of the National Transport and Trade Facilitation Committees, all under the umbrella of the ECOWAS Inter-Ministerial Coordinating Committee to be revived in each country, the national administrations will be better equipped to interact not only with ECOWAS but with the wide range of regional-level institutions whose work forms part of the Policy Watch System (Table 2).

Table PWS-2: Regional-Level Bodies Involved in Policy Watch System for Trade in Food

	<i>Deliberative Body</i>	<i>Technical Departments</i>
ECOWAS	Committee on Trade, Customs and Statistics Council of Ministers	ECOWAS Commission: Departments of Agriculture, Customs, Trade, Private Sector, and Communications
UEMOA	Council of Ministers	UEMOA Commission: Directors for Competition and Customs Union (Internal Market)
CILSS	CILSS Secretariat	Department of free movement and market access
Food Crisis Prevention Network/ <i>Réseau pour Prévention de Crise Alimentaire</i> (RPCA)	Annual meetings, with end communiqué	CILSS Secretariat is main technical arm of RPCA
WAMI	Member country ministers of finance	Actively involved in the Lagos-Abidjan corridor

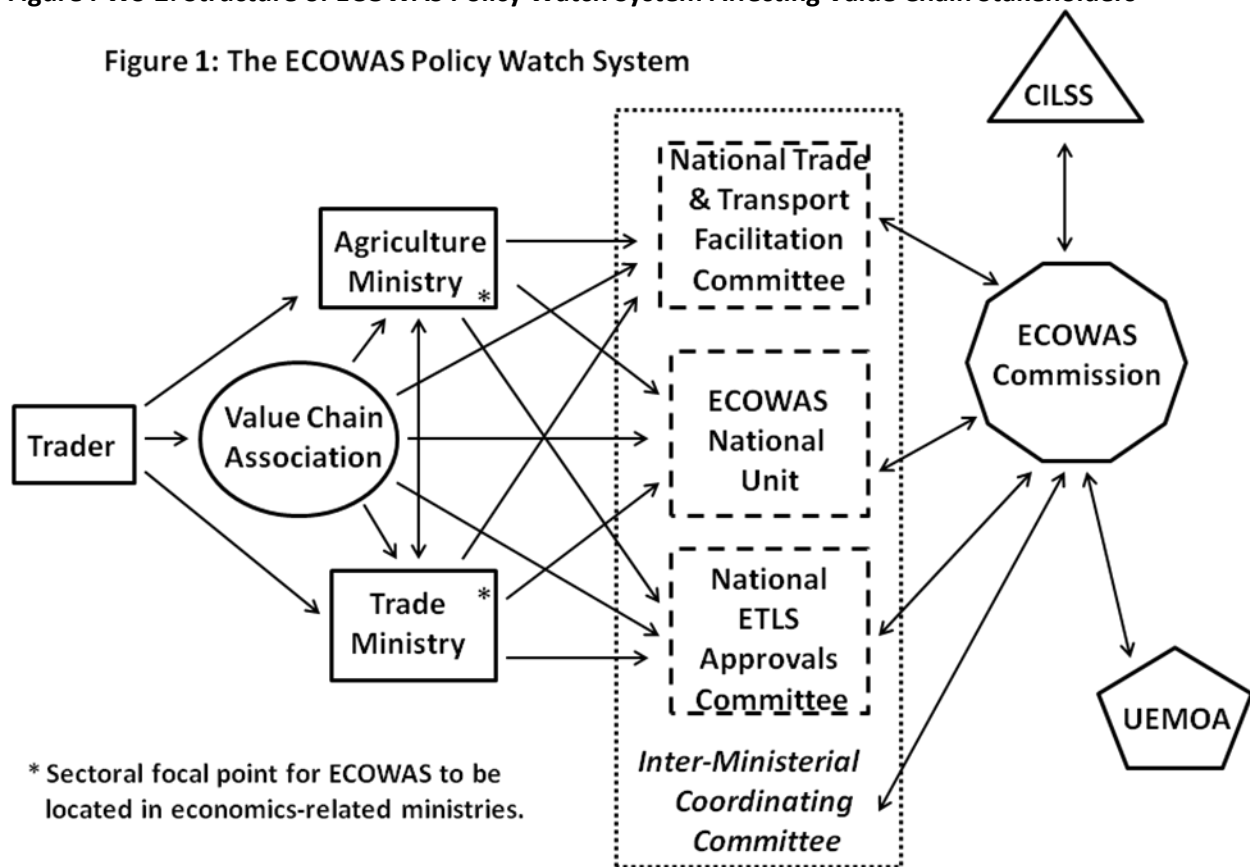
The National Transport and Trade Facilitation Committee in target countries such as Ghana will be in a position to place observers at border posts and monitor roadblocks within countries to a much-closer extent than before. ATP/E-ATP can encourage the National ETLS Approvals Committees, tasked with overseeing the process for intra-regional free trade in manufactured products under the ECOWAS Trade Liberalization Scheme (ETLS), to reiterate that the basic foodstuffs found in the ATP/E-ATP value chains are non-dutiable under the ETLS, and therefore do not need to use the ETLS transit papers (ECOWAS ISRT Logbook or *Carnet TRIE* in French), a practice that should have been phased out but so far has not yet been brought to bear. Many traders in basic foodstuffs are obliged to obtain an ECOWAS ISRT Logbook in every country they pass through, needlessly.

¹ This specialized technical committee comprised of national delegates was created during the 2007-2008 restructuring of the ECOWAS Executive Secretariat into the ECOWAS Commission, replacing the former "Commission" responsible for the same topics. The two ECOWAS decision-making bodies are the Council of Ministers and the Authority of the ECOWAS Heads of State and Government.

² The operations of the National ECOWAS Units, Sector Focal Points in each national Ministry, and the national committees are to be funded by a portion (4.5%) of the ECOWAS Community Levy (derived from a tax of 0.5% on imports coming from outside the ECOWAS region) retained in member countries for ECOWAS activities.

Figure PWS-2: Structure of ECOWAS Policy Watch System Affecting Value Chain Stakeholders

Figure 1: The ECOWAS Policy Watch System



With the assistance of USAID ATP/E-ATP, the regional value chain associations in maize, millet-sorghum, rice, ruminant livestock and fresh meats, poultry products, and onions and shallots will know about the Policy Watch System and how to access it. By training the economic operators in the details of the regional trading rules, and building their capacity to engage in advocacy activities, USAID ATP/E-ATP is helping ensure that the national and regional bodies responsible for overseeing free trade within the region know the concerns of those involved in the USAID ATP/E-ATP value chains who suffer a loss of competitiveness due to improper implementation by national governments of the regional rules.

4. WHAT SPECIFICALLY IS USAID ATP/E-ATP DOING ON THE ECOWAS POLICY WATCH SYSTEM?

On areas where the ECOWAS Commission is taking the lead, USAID ATP/E-ATP is contributing technical content and policy advice to the ECOWAS report-writing team for:

- An **Inter-Institutional Linkages Report** (the “Second Asante Report”) laying out what is needed in terms of institutional linkages between the ECOWAS Commission and the member states in order for ECOWAS rules in all domains to be implemented effectively.
- Two new ECOWAS manuals to guide member states in their implementation of the ECOWAS rules: **Operational Manual for ECOWAS National Units** (ATP and E-ATP deliverables: Policy Watch System); **ECOWAS Monitoring and Evaluation Manual** (ATP deliverable: ECOWAS plan for monitoring and evaluation).
- ATP/E-ATP is providing the **technical content specific to intra-regional free trade** in each of the 6 ATP/E-ATP value chains for the ECOWAS Commission to provide to the National Transport and Trade Facilitation Committees (ATP deliverable and E-ATP deliverable: establishment of a Policy Watch system).

ATP/E-ATP is taking the lead on providing:

- **Communications materials** to the ECOWAS Communications Department on the regional trading rules for the ATP/E-ATP value chains (E-ATP deliverable: medium-term plan for public sensitization on the regional trading rules).
- **Access to the ECOWAS Commission** for the regional value chain associations in order to engage in direct, face-to-face lobbying and presentation of the value chain stakeholders’ demands in an advocacy letter (ATP deliverable: advocacy events).
- Training and communications materials on the regional trading rules for the ATP/E-ATP value chain stakeholders via the regional value chain associations (E-ATP deliverable: **awareness training**).

The **milestones** for ATP/E-ATP on the Policy Watch System include:

- Contributions to the Inter-Institutional Linkages Report

- Contributions to the Operational Manual for ECOWAS National Units
- Contributions to the Operational Guidelines issued at the regional level as part of establishment of the ECOWAS Monitoring and Evaluation plan
- A sponsored mission of regional value chain representatives to the ECOWAS Commission to engage in advocacy activities
- Distribution of communications materials to the ECOWAS Commission (public sensitization plan) and to the regional value chain associations (awareness training)

The first three milestones will be measured by submission of review comments and suggestions to the ECOWAS Commission on the three ECOWAS documents, while the final two milestones will be measured by completion of the activity.

Relationship of the Policy Watch System to other ATP/E-ATP Deliverables:

- ATP deliverable: Institutionalized process for gathering and incorporating industry feedback in policy change at ECOWAS (Policy Watch System)
- E-ATP deliverable: Advocacy plans by value chain, updated annually (*Task 1.1.1: Build a policy advocacy plan and “policy watch” system*)

5. ADDITIONAL DISCUSSION OF THE POLICY WATCH SYSTEM

No “Policy Watch System” exists as such in the ECOWAS Commission, at least called by that name. Linkages between the ECOWAS Commission and the national governments do exist, but have not been implemented as intended. The Policy Watch System is a name given by ATP/E-ATP to the key missing element in West Africa’s regional policy process (see Figure 1): the spot where ATP/E-ATP value chain stakeholders can fight the unfair rules they face every day for trading within the region.

The ECOWAS Commission is not organized to assert itself as a market regulator of its internal market, in the manner that the European Commission, for example, operates regarding the EU internal market. Instead, the ECOWAS Commission aims to boost the capability of the 15 member states themselves to implement the ECOWAS rules and to oversee their own degree of implementation.

The ATP/E-ATP Policy Team has reflected upon setting up a new donor-funded unit to act as a kind of “problem-solver” or ombudsman. ECOWAS Commission officials have made it clear that they do not want something new, funded by donors for 2 or 3 years, which then would likely disappear. A better solution is to promote the reform of the institutional arrangements. In order to make a lasting change, it will be necessary for the ECOWAS member countries to effect the reforms being proposed by ECOWAS as part of the Operational Manual for the ECOWAS National Units.

Thus, a “quick fix” involving an ECOWAS official being tasked with fielding complaints from agricultural trade stakeholders and responding quickly and authoritatively, does not seem feasible. The ECOWAS Commission does not have sufficient “throw-weight” to enforce the regional trading rules under its own authority, nor does it have sufficient staff or the political will. Therefore, our approach is to collaborate with ECOWAS in assisting the countries to undertake the reforms proposed in the manual for the national units, and to continue to inform the regional stakeholder associations for the ATP/E-ATP value chains about their rights and to keep raising the issues related to barriers hampering intra-regional trade.

Various hotlines have been established in individual countries of the region, usually without much success. Some are still in operation, typically evolving into direct contact between the aggrieved trader and the president of the national value chain association. Where hotlines already exist, and have proven effective, they obviously can become key parts of the system and will therefore be encouraged to function more efficiently, endowed with an institutional structure for fielding complaints and taking appropriate action to remedy disputes.